

Legal Entity Identifier (LEI) No. 213800MDNBFVEQEN1G84

Triad Group Plc

Half year results for the six months ended 30 September 2024

Financial highlights

	Six months to 30 September 2024	Six months to 30 September 2023	Change	Audited year ended 31 March 2024
Revenue	£10.21m	£6.39m	+£3.82m	£14.0m
Gross profit	£2.97m	£0.95m	+£2.02m	£2.8m
Gross profit %	29.1%	14.9%	+14.2%	20.1%
Profit/(Loss) before tax	£0.75m	(£0.99m)	+£1.74m	(£1.3m)
Profit/(Loss) after tax	£0.78m	(£1.00m)	+£1.78m	(£1.0m)
Cash reserves	£2.88m	£2.62m	+£0.26m	£2.1m
Basic earnings/(loss) per share	4.66p	(6.03p)	+10.69p	(6.10p)
Interim/final dividend payable	2p	2p	-	4p

Chairman's statement

Dr John Rigg

Overview of results

In my Trading Update of 22nd August 2024, I expressed my absolute confidence that investors would not be disappointed by the first half results. These interim accounts demonstrate that my confidence was not misplaced. The six months' results up to 30th September 2024, reported today, reflect a sound and sustainable transformation.

The results have been achieved organically without resorting to a dash for growth at all costs, or compromising in any way our fundamental boutique business model. This is based on value for money, effective delivery, and quality and reliability in our long term support of all our clients. We are building long term relationships which will enable us to provide additional operational and financial benefits to the public sector and thereby support the new Government in its welcome drive to apply the benefits of digital technology to efficiency and cost control.

Our cash balance is strengthening nicely and reflecting the increase in profits with the usual slight lag due to payment terms. We are continuing our recruitment drive and focusing even more closely on the very highest quality of new joiners. This will result in the generation of new business and an ability to reflect specialist focus and skills in areas where we can command higher margins. We are entirely confident of our ability to absorb the effect on profitability and cash flow of the increases to Employer's National Insurance announced in the recent Budget.

In my statement of 22nd August, I also said that "We must be patient and carry on until things settle down.". Clearly the process of settling down is not yet complete; however, I am delighted to report that we are seeing strong signs of acceleration and enthusiasm in decision making from the public sector as a whole.

Business highlights

The Company started the new financial year on the back of a record-breaking series of contract wins which necessitated significant recruitment to satisfy client demand. Having already recruited 18 people in the final quarter of the previous year, in anticipation of increased workload, the Company recruited a further 24 consultants across the period. This resulted in a total headcount of 133 technology specialists at the end of the half-year. The latest cohort of staff brought with them skills and expertise from a wide range of disciplines including enterprise architecture, software engineering, quality assurance, business analysis and cloud technologies.

Activity levels ramped up rapidly during the period, seeing multiple contracts running concurrently with double-digit headcount on each. A broad range of engagements has included helping the Met Office to improve its offering to service users, the Office of Product Safety & Standards to protect consumers from harmful products, the Foreign, Commonwealth & Development Office to support its diplomats globally, and the Department for Transport to improve facilities planning via its Connectivity Tool. Not only have our teams been focused on delivery, but they have also been assisting with uplifting the digital skills of the civil service teams with whom we collaborate. This combination of delivery and upskilling has played a key role in securing the extremely positive feedback from clients which is a hallmark of our service.

The second half looks set to continue in a similar vein, bolstered we anticipate by an increase in opportunities following the settlement of Government's spending plans.

Outlook

We are extremely enthusiastic about the outlook. Our interim results reflect the Company as it currently stands, without being run 'hot' in the pursuit of short-term profit. The level of spare capacity is carefully judged to enable new business to be accommodated quickly, as soon as it is won. We have no hesitation in acquiring the finest new staff and covering their salaries and costs in anticipating future growth.

The internal morale and cohesion of our staff (almost all permanent employees), resulting from many teams having extended experience of working together and a programme of social and cultural interaction, is one of our greatest

strengths.

Dividend

The Board have carefully considered the level of interim dividend and believe it is prudent, given that things are still settling down, to recommend that the interim dividend be maintained at the same level as the last two years at 2p.

It is of paramount importance to our business strategy that we remain debt free and cash rich, and have the flexibility and agility which this brings.

Employees

I would like to thank all our staff, both our long serving employees and first rate recent recruits, who have performed excellently.

Dr John Rigg
Executive Chairman
6 November 2024

Unaudited condensed consolidated statement of comprehensive income and expense for the six months ended 30 September 2024

Group and Company	Note	Unaudited 2024 £'000	Unaudited 2023 £'000	Audited year ended 31 March 2024 £'000
Revenue	2	10,210	6,393	14,046
Cost of sales		(7,239)	(5,442)	(11,227)
Gross profit		2,971	951	2,819
Administrative expenses		(2,229)	(1,932)	(4,097)
Profit/(Loss) from operations		742	(981)	(1,278)
Finance income		28	14	40
Sundry income	3	357	-	-
Lease Impairment	8	(357)	-	-
Finance expense	4	(23)	(27)	(53)
Profit/(Loss) before tax		747	(994)	(1,291)
Tax credit/(charge)	5	30	(5)	278
Profit/(Loss) for the period and total comprehensive income attributable to equity holders of the parent		777	(999)	(1,013)
Basic earnings/(loss) per share	7	4.66p	(6.03p)	(6.10p)
Diluted earnings/(loss) per share	7	4.54p	(6.03p)	(6.10p)

All amounts relate to continuing activities.

Unaudited condensed consolidated statement of changes in equity for the six months ended 30 September 2024

Group	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2023	166	894	104	4,030	5,194
Loss for the period and total comprehensive income	-	-	-	(999)	(999)
Dividend paid	-	-	-	(664)	(664)
Ordinary shares issued	-	7	-	-	7
Share-based payments	-	-	-	110	110
At 30 September 2023 (unaudited)	166	901	104	2,477	3,648
At 1 April 2024	166	906	104	2,223	3,399
Profit for the period and total comprehensive income	-	-	-	777	777
Dividend paid	-	-	-	(667)	(667)
Ordinary shares issued	1	13	-	-	14
Share-based payments	-	-	-	121	121
At 30 September 2024 (unaudited)	167	919	104	2,454	3,644

At 1 April 2023	166	894	104	4,030	5,194
Loss for the year and total comprehensive income	-	-	-	(1,013)	(1,013)
Dividend paid	-	-	-	(996)	(996)
Ordinary shares issued	-	12	-	-	12
Share-based payments	-	-	-	202	202
At 31 March 2024	166	906	104	2,223	3,399

Unaudited condensed consolidated statement of financial position as at 30 September 2024

	Note	Unaudited 2024 £'000	Unaudited 2023 £'000	Audited year ended 31 March 2024 £'000
Non-current assets				
Intangible assets		-	1	-
Property, plant and equipment		177	177	173
Right-of-use assets	8	298	481	389
Finance lease receivables	8	-	348	297
Deferred tax	5	416	103	386
		891	1,110	1,245
Current assets				
Trade and other receivables	9	2,884	2,529	3,105
Finance lease receivables	8	-	96	99
Cash and cash equivalents		2,882	2,621	2,052
		5,766	5,246	5,256
Total assets		6,657	6,356	6,501
Current liabilities				
Trade and other payables	10	(2,103)	(1,610)	(2,152)
Short term provisions		(136)	-	(136)
Lease liabilities	8	(188)	(271)	(215)
		(2,427)	(1,881)	(2,503)
Non-current liabilities				
Long term provisions		(139)	(197)	(61)
Lease liabilities	8	(447)	(630)	(538)
		(586)	(827)	(599)
Total liabilities		(3,013)	(2,708)	(3,102)
Net assets		3,644	3,648	3,399
Shareholders' equity				
Share capital		167	166	166
Share premium account		919	901	906
Capital redemption reserve		104	104	104
Retained earnings		2,454	2,477	2,223
Total shareholders' equity		3,644	3,648	3,399

Unaudited condensed consolidated statement of cash flows for the six months ended 30 September 2024

	Note	Unaudited 2024 £'000	Unaudited 2023 £'000	Audited year ended 31 March 2024 £'000
Cash flows from operating activities				
Profit/(Loss) for the period before taxation		747	(994)	(1,291)
Adjustments for:				
Depreciation of property, plant and equipment		35	33	66
Amortisation of right of use assets		91	91	183
Other income received		(78)	-	-

Sundry income received	3	(357)	-	-
Impairment of finance leases	8	357		
Amortisation of intangible assets		-	-	1
Interest received		(28)	(14)	(40)
Finance expense	4	23	27	52
Share-based payment expense		121	110	202
Changes in working capital				
Decrease/(Increase) in trade and other receivables		299	12	(564)
Decrease in trade and other payables		(49)	(660)	(117)
Increase in provisions		78	-	-
Cash generated/(used) by operations		1,239	(1,395)	(1,508)
Deposit interest received		23	-	17
Foreign exchange loss		(1)	-	(2)
Net cash inflow/(outflow) from operating activities		1,261	(1,395)	(1,493)
Investing activities				
Finance lease interest received	8	6	14	24
Finance lease payments received	8	396	45	94
Purchase of property, plant and equipment		(39)	(8)	(40)
Net cash generated in investing activities		363	51	78
Financing activities				
Proceeds of issue of shares		13	6	12
Lease liabilities principal payments	8	(118)	(145)	(293)
Lease liabilities interest payments	8	(22)	(27)	(51)
Dividends paid	6	(667)	(664)	(996)
Net cash outflow from financing activities		(794)	(830)	(1,328)
Net increase/(decrease) in cash and cash equivalents		830	(2,174)	(2,743)
Cash and cash equivalents at beginning of the period		2,052	4,795	4,795
Cash and cash equivalents at end of the period		2,882	2,621	2,052

Notes to the financial statements for the six months ended 30 September 2024

1. Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs) and the provisions of the Companies Act 2006.

The comparative financial information for the year ended 31 March 2024 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2024 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2024 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information for the half years ended 30 September 2024 and 30 September 2023 does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 and has been neither audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

These financial statements have been prepared on a going concern basis.

These financial statements have been prepared on a historical cost basis and are presented in pounds sterling, generally rounded to the nearest thousand, the functional currency of the Group.

Going Concern

The Group continues to operate an efficient low-cost and cash generative model. For the six months ended 30 September 2024, the Group has not utilised any external debt or lending facilities (2023: nil) with no exposure to bad debts in the period. Cash balances have increased to £2.9m at the balance sheet date (2023: £2.6m), which includes a total dividend paid in the 6 months period of £0.7m (2023 £0.7m). The future cash position remains robust.

The positive going concern assessment made for the year ended 31 March 2024 is still relevant to both current and future trading expectations. This going concern assessment included in particular a reverse stress test model which included the most extreme scenario possible with all current client contracts discontinued at expiry, with no extension or replacement and with no cost mitigation. Following a review of these assessments in light of current trading performance and cash flow forecasts for the next 12 months, the Directors have concluded that the Group would have sufficient headroom and cash balances to continue in operation.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the half year accounts.

New standards, interpretations and amendments

The accounting policies applied in these financial statements are as applied in the annual report and accounts for the year ended 31 March 2024.

2. Revenue

The Group operates solely in the UK. All material revenues are generated in the UK.

In accordance with IFRS 15, the Group disaggregates revenue by contract type as management believe this best depicts how the nature, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. Accordingly, the following table disaggregates the Group's revenue by contract type:

Group and Company	Unaudited six months ended 30 September 2024	Unaudited six months ended 30 September 2023	Audited year ended 31 March 2024
	£'000	£'000	£'000
Time and materials	10,020	6,161	13,344
Fixed price	160	234	708
Licencing	30	(2)	(6)
	10,210	6,393	14,046

Licence revenue of -£2k (Audited year ended 31 March 2024: -£6k) in the previous year is due to adverse foreign exchange rates differences in the contract period.

The Group also disaggregates revenue by operating sector reflecting the different commercial risks (e.g., credit risk) associated with each.

Group and Company	Unaudited six months ended 30 September 2024	Unaudited six months ended 30 September 2023	Audited year ended 31 March 2024
	£'000	£'000	£'000
Public sector	9,400	4,994	11,385
Private sector	810	1,399	2,661
	10,210	6,393	14,046

3. Sundry income

	Unaudited six months ended 30 September 2024	Unaudited six months ended 30 September 2023	Audited year ended 31 March 2024
	£'000	£'000	£'000
Reinstatement of right-of-use asset	357	-	-

Sundry income	357	-	-
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4. Finance expense

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Interest expense on lease liability	22	27	51
Net foreign exchange loss	1	-	2
Total finance expense	23	27	53

5. Tax (credit)/charge

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Current tax			
Current tax on profits for the period	-	-	-
Deferred tax			
(Increase)/decrease in recognised deferred tax asset	(30)	5	(278)
Total tax (credit)/charge for the period	(30)	5	(278)

The differences between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits/(losses) for the period are as follows:

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Profit/(Loss) before tax	747	(994)	(1,291)
Profit/(Loss) before tax multiplied by standard rate of corporation tax in the UK of 25% (2024:25%)	187	(249)	(323)
Expenses not deductible for tax purposes	43	6	67
Allowances recognised	(25)	(3)	(18)
Utilisation of losses brought forward	(203)	-	-
(Recognition)/derecognition of deferred tax on losses	(30)	251	(4)
Temporary differences	(2)	-	-
Tax (credit)/charge for the period	(30)	5	(278)

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Deferred tax asset			
The movement in deferred tax is as follows:			
At beginning of the period	386	108	108
Reversal of previously unrecognised/(recognised) deferred tax on losses	34	(5)	278
Reduction in relation to timing differences	(4)	-	-
At end of the period	416	103	386

Deferred tax assets have been recognised in respect of tax losses where the Directors believe it is probable that the assets will be recovered. This expectation of recovery is calculated by modelling estimates of future taxable profits that can be offset with historic trading losses brought forward. In

calculating this taxable profit, probabilities are applied to current forecasts and adjustments to taxable profits are taken into consideration. A deferred tax asset amounting to £230,142 (2023: £689,022) has not been recognised in respect of trading losses of £920,566 (2023: £2,756,089), which can be carried forward indefinitely.

Deferred tax assets have not been recognised for potential temporary differences arising from unexercised share

options and restricted stock units of £436k (2023: £114k) and general provisions of £27k (2023: £27k) as the Directors believe it is not certain these assets will be recovered.

6. Dividends

The Directors propose an interim dividend for the period to 30 September 2024 of 2p per share (2023 interim dividend: 2p per share).

The Company will pay the dividend on 20 December 2024 to all shareholders on the register of members of the Company at the close of business on 22 November 2024. The ex-dividend date will be on 21 November 2024.

7. Earnings per ordinary share

Earnings/(losses) per share have been calculated on the profit/(loss) for the year divided by the weighted average number of shares in issue during the period based on the following:

	Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
Profit/(loss) for the period	£777,000	(£999,000)	(£1,013,000)
Average number of shares in issue	16,661,391	16,571,366	16,600,680
Effect of dilutive options	468,551	-	-
Average number of shares in issue plus dilutive options	17,129,942	16,571,366	16,600,680
Basic earnings/(loss) per share	4.66p	(6.03p)	(6.10p)
Diluted earnings/(loss) per share	4.54p	(6.03p)	(6.10p)

8. Leases

The carrying amounts of the right-of-use assets recognised and the movements during the period are outlined below:

	Land and buildings £'000	Total £'000
At 31 March 2023		
Opening position	572	572
Amortisation	(91)	(91)
At 30 September 2023	481	481
At 31 March 2024		
Opening position	389	389
Reinstatement	357	357
Impairment	(357)	(357)
Amortisation	(91)	(91)
At 30 September 2024	298	298

During the period, the Company entered into a settlement agreement to terminate the leasing arrangement with its tenant. A right-of-use asset of £357k has been reinstated that has been impaired by the same amount until a new tenant is established.

Lease Liabilities

The carrying amounts of the lease liabilities recognised are as follows:

	Land and buildings £'000	Total £'000
At 31 March 2023		
Opening position	1,046	1,046
Interest expense	27	27
Lease payments	(172)	(172)
At 30 September 2023	901	901
At 31 March 2024		
Opening position	753	753
Interest expense	22	22

interest expense	££	££
Lease payments	(140)	(140)
At 30 September 2024	635	635

At the balance sheet date, the Group had outstanding commitments for future lease payments as follows:

At 30 September 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years
	£'000	£'000	£'000	£'000
Discounted lease liabilities	74	197	184	446
Undiscounted lease liabilities	86	231	215	484

At 30 September 2024	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years
	£'000	£'000	£'000	£'000
Discounted lease liabilities	51	137	193	254
Undiscounted lease liabilities	59	161	215	269

Finance lease receivables

During the period, the lease pertaining to the finance lease receivable was terminated and the total finance lease receivable asset of £402k was derecognised.

The carrying amounts of the lease receivable asset are as follows:

	Land and buildings	Total
	£'000	£'000
At 31 March 2023		
Opening position	490	490
Interest received	13	13
Payments received	(59)	(59)
At 30 September 2023	444	444
At 31 March 2024		
Opening position	396	396
Interest received	6	6
Disposals	(402)	(402)
At 30 September 2024	-	-

At the balance sheet date, the Group had no future finance lease receivables. The prior year was as follows:

At 30 September 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years
	£'000	£'000	£'000	£'000
Discounted lease receivables	24	72	101	247
Undiscounted lease receivables	30	89	119	267

9. Trade and other receivables

	Unaudited six months ended 30 September 2024	Unaudited six months ended 30 September 2023	Audited year ended 31 March 2024
	£'000	£'000	£'000
Trade receivables	2,453	1,643	2,734
Less: provision for expected credit losses	(5)	(5)	(5)
Trade receivables-net	2,448	1,638	2,729
Contract assets	147	603	203
Unbilled income	-	1	-
Other debtors	6	5	-
Trade and other receivables	2,601	2,247	2,932

Trade and other receivables	£,000	£,000	£,000
Prepayments	283	282	173
	2,884	2,529	3,105
Analysed as:			
Current asset	2,884	2,529	3,105
Total	2,884	2,529	3,105

The fair value of trade and other receivables approximates closely to their book value.

Unbilled income is in respect to the billing profile of a licence agreement.

Movements on the provision for expected credit loss are as follows:

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
At beginning of the period	5	5	5
Credited to income statement	-	-	-
At end of the period (credit loss allowance)	5	5	5

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Sterling	2,600	2,222	2,931
Euros	1	25	1
	2,601	2,247	2,932

10. Trade and other payables

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Trade payables	443	606	419
Accruals	276	165	506
	719	771	925
Contract liabilities	39	33	68
Other taxation and social security	1,345	806	1,159
	2,103	1,610	2,152
Analysed as:			
Current liability	2,103	1,610	2,152
Total	2,103	1,610	2,152

The majority of trade and other payables are settled within three months from the period end.

The fair value of trade and other payables approximates closely to their book value.

The carrying amount of trade and other payables is denominated in the following currencies:

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Sterling	719	641	920
Euros	-	130	5
	719	771	925

11. Related party transactions and ultimate control

The Group and Company rents one of its offices under a lease. The current annual rent of £215,000 was fixed, by independent valuation, at the last rent review in 2008. J C Rigg, a Director, has notified the Board that he has a 50% beneficial interest in this contract. The balance owed at the period end was £nil (2023: £nil). There is no ultimate controlling party.

12. Statement of the directors' responsibilities

The Board confirms to the best of their knowledge:

- that the condensed consolidated half year financial statements for the six months to 30 September 2024 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as per UK adopted international accounting standards; and
- that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the condensed consolidated half year financial statements; a description of the principal risks and uncertainties for the remainder of the current financial year; and the disclosure requirements in respect of material related party transactions.

By order of the Board

James McDonald
Company Secretary
6 November 2024

Names of the current Board of Directors can be found on the Company website at www.triad.co.uk.

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